

## **CTB Decision Brief**

### **Rail Industrial Access Applicant**

**Location:** Louisa County

**Argonaut BioFuels LLC**

**Issue:** Argonaut BioFuels LLC has submitted an application for Rail Industrial Access funding in the amount of \$450,000 to add approximately 1,900 track-feet of new rail to serve its Buckner Plant facility in Bumpass, Louisa County. The Argonaut BioFuels facility will be served by the Buckingham Branch Railroad Company – a short line railroad in Virginia. Local matching funds required for this project grant will be \$150,000. As of December 2007, Louisa County’s unemployment rate was 3.6 percent and the Virginia statewide unemployment rate was 3.3 percent.

Argonaut BioFuels, headquartered in Bumpass, Virginia, is a wood pellet manufacturer. The firm recently purchased an existing wood chip mill in Louisa County and is investing \$16 million to upgrade and expand the plant to manufacture wood pellets for use as fuel (industrial and domestic use), animal bedding and paper mills. In a recent announcement about the new facility, Governor Kaine stated, “This environmentally-friendly company’s production of renewable resources will help reduce Virginia’s dependence on imported energy. The Commonwealth’s wood products industry continues to grow, and Argonaut will contribute greatly to its solid progress.”

**Facts:** DRPT staff has evaluated the project in accordance with Rail Industrial Access adopted board policy. This project scores 77 points, will generate a total capital outlay of \$16,000,000, will create 43 new jobs, and generate 1,000 railroad cars annually after completion. The Louisa County Board of Supervisors, by resolution, endorsed the Argonaut BioFuels application on January 2, 2007; the Virginia Economic Development Partnership endorsed the project by letter on January 3, 2008; and the Buckingham Branch Railroad endorsed the project and their commitment to provide rail access to serve the facility in a letter dated January 10, 2008. There will be a claw-back provision in the agreement for failure to meet performance.

**Source of State Funds:** FY 2008 Industrial, Airport, and Rail Access Fund.

**Recommendation:** DRPT recommends \$450,000 for this project.

**Action Required by CTB:** Adopted CTB policy for Rail Access requires Board action on the resolution prepared for Argonaut BioFuels LLC.

**Options:** Deferring Board action would have an adverse impact on this planned development including the jobs that would be created.

**Public Comment/Reaction:** There is no anticipated adverse public reaction to the awarding of these funds.